



POWER CEMENT LIMITED

June 01, 2018

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

Subject: Notice of Extra Ordinary General Meeting (EOGM) of Power Cement Limited

Dear Sir,

In compliance with the requirements of Listing Regulations of Pakistan Stock Exchange, we are pleased to enclose herewith Notice of EOGM of the Company for its circulation to the Certificate holders of the Exchange and the same Notice shall be transmitted to the Company's shareholders.

Yours faithfully,

Tahir Iqbal
Chief Financial Officer &
Company Secretary

Cc: The Director, Corporate Supervision Department
Securities and Exchange Commission of Pakistan,
63, Jinnah Avenue, N.I.C. Building
Blue Area, Islamabad



NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extra Ordinary General Meeting of Power Cement Limited (“**the Company**”) will be held on Saturday June 23, 2018 at 11:00 a.m. at Beach Luxury Hotel, M.T.Khan Road, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the 26th Annual General Meeting held on October 31, 2017.

SPECIAL BUSINESS:

2. *To consider and if thought fit to pass the following Special Resolution under Section 199 of the Companies Act, 2017, as recommended by the Board of Directors with or without modification(s), addition(s) or deletion(s):*

“**RESOLVED** that the Company (“PCL”) being the ultimate borrower and beneficiary of all of the foreign financings to be obtained for its ongoing Expansion Project of 7700 TPD Clinker Production, may irrevocably and unconditionally provide a guarantee (the “**Guarantee**”) to DEG – DEUTSCHE INVESTITIONS-UND ENTWICKLUNGSGESELLSCHAFT MBH, a financial institution incorporated and existing as a limited liability company under the laws of the Federal Republic of Germany (Reg. No. HRB 1005, AG Cologne), having its registered office at Kämmergasse 22, 50676, Cologne, Federal Republic of Germany (“**DEG**”) on behalf of its associated company, Arif Habib Equity (Private) Limited (“**AHEPL**”), subject to the following terms and conditions:

Amount: EUR 30,000,000/- (To cover loan principal amount of Euro 15 million plus borrowing cost and all other charges to be accrued during the tenor of loan),

Nature: Guarantee / Indemnity.

Purpose: The Company, being the ultimate borrower and beneficiary of all of the foreign financing as described in the Common Terms Agreement with the foreign lender, is required to guarantee to DEG punctual performance by AHEPL of all AHEPL’s obligations under the financing documents entered into between AHEPL and DEG for the purposes of obtaining foreign currency loan under the conventional financing documents and then passing it to PCL under the Islamic Financing Documents.

Facility Agreement: Facility Agreement between AHEPL as the borrower and DEG as the lender in order to provide funds which will fully be passed on to the Company as an Islamic loan under the Foreign Musharakah Agreement entered into between National Bank of Pakistan, The OPEC Fund For International Development (“OFID”), Islamic Corporation For The Development Of The Private Sector (“ICD”), Arif



Habib Equity (Pvt.) Limited (“AHEPL”) and Power Cement Limited (“PCL”) for purposes of the Company’s 7700 TPD cement plant (“Facility Agreement”).

Termination Date: Earlier of: (a) when AHEPL has no further actual or contingent obligation to make any payments to DEG; and (b) July 15, 2038.

Repayment Period: Eight and a half years (ending in 2026)
Under the Facility Agreement:

FURTHER RESOLVED that this special resolution shall remain valid until the Termination Date (as specified above) starting from the date of approval by members.

FURTHER RESOLVED that Mr. Kashif Habib (CE) and Mr. Tahir Iqbal (CFO & Company Secretary), are hereby singly authorized to negotiate and execute such guarantee in relation to the Facility Agreement.

FURTHER RESOLVED that Mr. Kashif Habib (CE) and Mr. Tahir Iqbal (CFO & Company Secretary) are fully empowered and authorized to do all such acts, deeds and things as they may consider necessary for the purpose of giving effect to the foregoing.

FURTHER RESOLVED that all requirements under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations have been complied with”

3. To consider any other business with the permission of the Chair.

By order of the Board

Tahir Iqbal
Company Secretary

Karachi, June 02, 2018



Notes:

1. Share transfer books of the Company will remain closed from June 16, 2018 to June 23, 2018 (both days inclusive). Transfers received in order at the office of our registrar, M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi, by the close of business on June 15, 2018 will be treated in time for the determination of entitlement of shareholders to attend and vote at the meeting.
2. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
3. Procedure including the guidelines as laid down in Circular No. I- Reference No. 3(5-A) Misc/ARO/LES/96 dated 26th January 2000 issued by Securities & Exchange Commission of Pakistan:
 - (i) Members, proxies or nominees shall authenticate their identity by showing their original national identity card or original passport and bring their folio numbers at the time of attending the meeting.
 - (ii) In the case of corporate entity, Board of Directors' resolution/power of attorney and attested copy of the CNIC or passport of the nominee shall also be produced (unless provided earlier) at the time of meeting.
 - (iii) In order to be effective, the proxy forms must be received at the office of our registrar not later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, address, NIC numbers and signatures.
 - (iv) In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - (v) In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted alongwith form of proxy.
4. Members are requested to promptly notify any change in address by writing to the office of the registrar.



STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This Statement sets out the material facts concerning the Special Business to be transacted at the Extraordinary General Meeting of the Company to be held on Saturday June 23, 2018:

Power Cement Limited (“PCL”), a listed company of Arif Habib Group is doing a mega Expansion in its Cement Plant by installing a New Line of Clinker with a total Capex amount of Rs.25 billion. PCL’s Board has decided to finance this Expansion Project with a 65:35 Debt: Equity ratio. PCL’s Board has also decided to make PCL a Shariah Compliant Company by raising the debt amount completely under Islamic modes of financing (either borrowed from Local Lenders or Foreign Lenders). For this purpose PCL has selected world’s renowned Danish Cement Plant Supplier M/S. F. L. Smidth (“FLS”). At the time of opening of LCs in favor of FLS, the SBP has laid down a condition on PCL that at-least Euro 46 million are to be arranged by PCL through foreign sources whether Debt or Equity, the same shall be used in retirement of the said LC.

In order to comply with above referred condition of SBP, PCL has already arranged Foreign Equity of Euro 11 million, the same has been received into PCL’s foreign currency bank account and shares against it have also been issued. Additionally, PCL has also chosen three Foreign Lenders namely (i) ICD of Saudi Arabia (ii) OFID of Austria and (iii) DEG of Germany. The first two lenders have agreed to lend their portion of loans under a Musharika arrangement. However, the third lender (DEG) is restricted to lend under Islamic modes of financing by virtue of its Articles of Association therefore DEG can only lend under the Conventional (Non-Islamic) Financing Modes.

In order to achieve both aforesaid objectives i.e. first to ensure full compliance with the SBP’s condition to arrange Foreign Currency and second to keep PCL a Shariah Compliant Company, the Company have structured this loan transaction from DEG in two steps. In the first step DEG will lend their portion of loan (Euro 15 million) to one of PCL’s Associated Companies i.e. M/s. Arif Habib Equity (Pvt.) Limited (“AHEPL”) under the Conventional (Non-Islamic) Financing Mode and then in the second step AHEPL will enter into a Financing Contract with **PCL (“the Project Company”)** under the Islamic mode of Musharika Financing on the same terms & conditions.

As per the aforementioned arrangement, PCL will repay the loan to AHEPL which in turn shall pay the same to DEG, so, to secure this ultimate receipt of DEG, PCL is required to issue a corporate guarantee to DEG to ensure punctual performance by AHEPL of all AHEPL’s obligations under the financing documents entered into between AHEPL and DEG.



Information under Clause (a) and (c) of sub-regulation (1) of regulation 3 of (Investment in Associated Companies or Associated Undertakings) Regulations 2017.

Ref. No.	Requirement	Information
I	Name of associated company or associated undertaking and basis of relationship	Arif Habib Equity (Pvt.) Limited ("AHEPL") Common directorship
II	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	To provide security to PCL's ultimate lender. The Company will be able to comply with the requirements of SBP in respect of arrangement of foreign financing for its expansion project.
III	Earnings per share for the last three years	2017: 52.39 2016: 0.36 2015: 0.26
IV	Break-up value of share, based on the latest audited financial statements	Rs. 471/-
V	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds (I) Justification for investment through borrowing (II) Detail of collateral, guarantees provided and assets pledged for obtaining such funds (III) Cost benefit analysis	Not applicable, as it's a non-funded facility and not a funded investment
VI	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	(PKR In Million) Equity: 12,717.635 Non-current assets: 11,286.204 Non-current liabilities: 289.390 Current assets: 2,913.450 Current liabilities: 1,192.630 Operating Revenue: 1,643.971 Profit before Tax: 1,637.129 Profit after Tax: 1,400.119
VII	Salient feature of all agreements entered or to be entered with its associated company or associated	AHEPL will enter into a loan agreement with DEG (under conventional modes). Loan thus

	undertaking with regards to proposed Guarantee	received will be advanced by AHEPL to PCL (under Islamic modes) on the same terms of 8.5 years' tenor with 2.5 years of grace period, semi-annual repayment installments and at borrowing cost of 6Months Euribor plus 4.75% per annum. PCL will repay its loan to AHEPL which shall in turn repay the same to DEG (to secure this second leg of the transaction PCL will issue an upstream payment guarantee to DEG.) In line with PCL's all Musharaka Financing Agreements with all other local and foreign lenders for this Expansion Project the PCL will provide same security to AHEPL i.e. in shape of parri-passu charge on its Musharaka Assets.
VIII	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration:	The directors have no interest in the associate or the transaction other than their interest as directors of the Company.
IX	In case an investment in associated company has already been made, the performance review of such investment including complete information / justification for any impairments / write-offs	Not applicable
X	Any other important details necessary for the members to understand the transaction:	None
XI	Category-wise amount of investment	Category of investment is 'guarantee' and amount of the same is EURO 30 million.
XII	Average borrowing cost of the investing company, the KIBOR for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	Not applicable as it's a non-funded facility



XIII	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	Not applicable as it's a non-funded facility. Further, as to the fact that PCL is itself ultimate borrower & beneficiary of this foreign currency loan which shall be used for its ongoing Expansion Project
XIV	Particulars of collateral or security to be obtained from the associated company or associated undertaking	Not applicable as it's a non-funded facility. Further, as to the fact that PCL is itself ultimate borrower & beneficiary of this foreign currency loan which shall be used for its ongoing Expansion Project
XV	If the investment carries conversion feature, circumstances in which the conversion may take place	Not applicable
XVI	Repayment schedule and terms of loans or advances to be given to the associated company or associated undertaking	The subject guarantee shall be terminated Earlier of: (a) when AHEPL has no further actual or contingent obligation to make any payments to DEG; and (b) July 15, 2038.

